
By: **Delegate Love (By Request)**
Introduced and read first time: February 24, 2003
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation - Franchises - Franchisee Audits**

3 FOR the purpose of requiring an audit of a franchisee by a certain franchisor to be
4 conducted by a certified public accountant; specifying the applicability of this
5 Act; defining certain terms; and generally relating to audits of franchisees by
6 franchisors.

7 BY adding to
8 Article - Business Regulation
9 Section 14-2A-01 to be under the new subtitle "Subtitle 2A. Franchisee Audits"
10 Annotated Code of Maryland
11 (1998 Replacement Volume and 2002 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Business Regulation**

15 **SUBTITLE 2A. FRANCHISEE AUDITS.**

16 14-2A-01.

17 (A) (1) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (2) "FRANCHISE" HAS THE MEANING STATED IN § 14-201 OF THIS TITLE.

20 (3) "FRANCHISEE" HAS THE MEANING STATED IN § 14-201 OF THIS TITLE.

21 (4) "FRANCHISOR" HAS THE MEANING STATED IN § 14-201 OF THIS TITLE.

22 (5) "UNIFORM FRANCHISE OFFERING CIRCULAR GUIDELINES" MEANS
23 THE UNIFORM FRANCHISE OFFERING CIRCULAR GUIDELINES ADOPTED BY THE
24 NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION ON APRIL 25, 1993, AS
25 MODIFIED BY CODE OF MARYLAND REGULATIONS 02.02.08.04.

1 (B) THIS SUBTITLE APPLIES TO THE AUDIT OF A FRANCHISEE IF:

2 (1) THE FRANCHISEE IS A RESIDENT OF THE STATE; OR

3 (2) THE FRANCHISED BUSINESS IS OPERATED IN THE STATE.

4 (C) AN AUDIT OF A FRANCHISEE BY A FRANCHISOR WHO IS SUBJECT TO THE
5 MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW SHALL BE
6 CONDUCTED BY A CERTIFIED PUBLIC ACCOUNTANT.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2003.